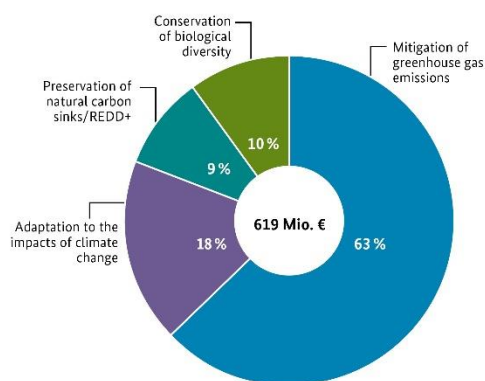


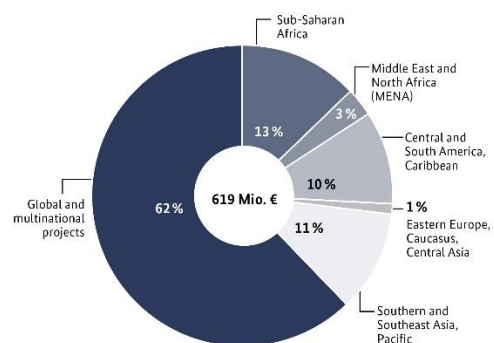
## IKI — current challenges and solutions 2020

Since 2008, the International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) has been funding climate action and biodiversity conservation in developing countries and emerging economies. In 12 years, IKI has financed 750 climate action and biodiversity projects worldwide with over 4,5 billion euros. The estimated budget for 2020 was 567 million euros. Despite the challenges posed by the COVID-19 pandemic, these funds were fully exhausted. The actual expenditure in 2020 for 385 ongoing and new projects was approximately 601 million euros (2019: € 467 million, 2018: € 410 million). The discrepancy between budget approach and expenditure was covered by residual expenditure from previous years. By the end of December 2020, 109 projects in ODA countries had started or received further financial support. For this purpose, approximately 619 million euros were committed in 2020 for expenditures made in 2020 and planned expenditures in subsequent years.

Commitments in 2020 for actual and planned expenditure in following years by IKI funding areas in ODA countries



Distribution of commitments in 2020 by geographical regions



This paper outlines the core IKI activities and initiatives in 2020 presenting a number of selected examples. It is however not intended for stocktaking nor does it give an exhaustive overview of funding used.

[www.international-climate-initiative.com](http://www.international-climate-initiative.com)

### The year 2020: current IKI calls

#### The NAMA Facility 2020 – 7th Call and Ambition Initiative (130 million euros from Germany)

The NAMA Facility (Nationally Appropriate Mitigation Actions) is an international climate finance programme that promotes ambitious measures to mitigate climate change in developing countries and emerging economies through annual calls for project outlines. The Ambition Initiative of the NAMA Facility was launched on 12 December 2020, the 5th anniversary of the Paris Agreement. Through innovative projects, this special initiative aims to support particularly ambitious countries in implementing their nationally determined contributions (NDCs) to mitigate greenhouse gas emissions. The projects are also intended to help the countries in their economic recovery from the impacts of the coronavirus pandemic. The initiative is designed to support those developing countries and emerging economies that submit ambitious climate targets by the submission deadline (end of May 2021). With a funding volume of 174 million euros, the Ambition Initiative is the largest call to date of the NAMA Facility and is mainly financed by Germany and the UK (68 million euros). The BMU is supporting the initiative with 100 million euros from IKI. The Children's Investment Fund Foundation (CIFF) is also contributing 5 million euros to the initiative. At the start of the year, the BMU already provided 30 million



euros for the 7th call for project outlines, thus contributing a total of 130 million euros in 2020 to the NAMA Facility.

[📅 Start of Ambition Initiative: 12 December 2020](#)

[📅 Deadline for submissions: End of May 2021](#)

[🌐 Links to IKI news and NAMA call info](#)

### **Topped up: Adaptation Fund: 50 million euros**

Through IKI, the BMU is the largest donor to the international Adaptation Fund which supports developing countries particularly vulnerable to the negative impacts of climate change by financing specific projects and programmes for climate change adaptation. The Adaptation Fund helps local communities in many countries to increase their resilience to climate change and protect ecosystems. In 2020, the BMU contributed a further 50 million euros into the Adaptation Fund through IKI. Since the fund was set up, over 390 million euros have been paid into the Adaptation Fund through IKI.

[🌐 Link to: Adaptation Fund](#)

### **New IKI thematic call: 240 million euros**

IKI's global thematic call for project ideas is being held for the 5th time. As with the previous calls, IKI is again looking for the best ideas to implement the Paris Agreement and advance the goals of the Convention on Biological Diversity. Under the slogan "Creating green societies in challenging times", IKI's 13 funding priorities for this year incorporate the special challenges triggered by the coronavirus pandemic. Each projects can apply for between 5 - 30 million euros, depending on the priority. Topics for 2020 include the establishment of an educational landscape on climate action, climate action in maritime transport, pandemic preparedness through protected areas, mobilisation of private sector capital for climate financing and other various topics regarding global biodiversity conservation and forest restoration. For the first time, an IKI thematic call includes two funding priorities aimed at fiduciary solutions: biodiversity-friendly and climate-conscious financial systems and innovative approaches to leveraging and redirecting private sector capital for climate financing.

[📅 Start: 11 November 2020](#)

[📅 Deadline for submissions: 10 March 2021](#)

[🌐 Link to: Thematic selection procedure 2020](#)

### **New IKI country-specific call Peru: 2 projects — 30 million euros**

Since 2017, the BMU has worked together with priority partner countries within the framework of country-specific calls. The goal of the calls is to find innovative projects offering countries tailor-made support for implementing their NDCs and conserving biodiversity through effective implementation of national biodiversity strategies and actions plans (NBSAPs). For the country-specific call with Peru, a total of 30 million euros are available for 2 funding priorities:

1. Integrated NDC project with a focus on adaptation and mitigation measures at regional and local level in the water and transport/energy sector.
2. Strengthening biodiversity management by promoting the integrated implementation of the Rio Conventions through nature-based solutions.

[📅 Start: 15 December 2020](#)

[📅 Deadline for submissions: 07 April 2021](#)

[🌐 Link to: Country-specific selection procedure: Peru](#)

### **Ongoing country-specific calls Indonesia, South Africa, Thailand, Vietnam: 8 projects — up to 125 million euros**

Through IKI, the BMU is planning a total of 8 new bilateral projects with Indonesia, Thailand, Vietnam and South Africa. Within the framework of the country-specific calls, implementing organisations were invited to submit outlines for projects in these 4 countries. The BMU is currently in the process of selecting the most promising project outlines, in close cooperation with the partner countries. . Up to 30 million euros are available for two projects in each country, apart from Indonesia that a total of 35 million euros is available.

[🌐 Link to: Overview of ongoing country-specific calls](#)



### **IKI Medium Grants 2019: 11 projects — 6.5 million euros**

Since 2020, IKI Medium Grants provides up to 800,000 thousand euros annually for projects carried out by German-based organisations together with their local partners in selected ODA-eligible countries. The programme aims to support model projects with a demonstration character in a north-south exchange, pool knowledge, and establish and expand capacities at local level. 11 projects were selected in 2020 in the first IKI Medium Grants selection procedure. These projects will be supported with a total of 6.5 million euros in funding and are to start in 2021.

[📅 Start of 2nd Call: Expected in February/March 2021](#)

[🌐 Link to: Medium Grants](#)

### **IKI Small Grants: 38 projects — 3 million euros**

In 2020, as part of the first selection procedure of the current annual IKI Small Grants call, 38 projects of organisations based in an ODA country were selected. Each project can receive funding of up to 100,000 euros. The first projects under this scheme will be starting soon, while the remainder are currently being set up. The second call has already begun.

[📅 Start of 2nd Call: 01 December 2020](#)

[📅 Deadline for submissions: 09 February 2021](#)

[🌐 Link to: Small Grants](#)

## **The IKI Corona Response Package: 68 million euros — 30 projects**

The COVID-19 pandemic poses significant challenges worldwide and places a heavy burden on people, nature and the economy. Across the globe, the economic recovery must go hand in hand with the prevention of pandemics in future, global climate commitments and biodiversity conservation. That is why the BMU initiated the Corona Response Package under its International Climate Initiative (IKI). In addition to generally adapting many IKI projects to corona-related challenges, this package supports ongoing and new IKI projects worldwide in their efforts to address these challenges quickly. To this end, funding for approximately 30 IKI projects in 26 countries was supplemented and/or updated in consultation with the implementing organisations by adapting the project tasks. For this, 16 IKI implementing partners received additional funding totalling 68 million euros. The priorities of these funds are based on the overarching policy goals of the BMU and IKI and address climate policy issues, biodiversity conservation, protection of human health and the creation of economic opportunities within the framework of the Paris Agreement and the 2030 Agenda. The IKI Corona Response Package thus has 3 priorities:

1. **Emergency measures** for humans and nature, for instance to support nature reserves and biodiversity hotspots to conserve protective services.
2. **Support for a green economic recovery** targeted additional financial support for ongoing IKI projects tied to activities that will contribute to a sustainable economic recovery. Financing economic advisors to support finance and planning ministries in designing low-carbon economic stimulus programmes (among others, in the 7 IKI partner countries Colombia, Costa Rica, Ethiopia, Indonesia, Nigeria, Rwanda and Uganda). Cooperation partners here are the NDC Partnership, the OECD through an ongoing IKI project and UN PAGE (UN Partnership for Action on Green Economy) which was provided with 6 million euros in additional funding for this purpose.
3. **Prevention of pandemics** by protecting biodiversity hotspots and forests to reduce the risk of diseases being transmitted from animals to humans.

[🌐 Link to: The IKI Corona Response Package](#)



## Projects focussing on shifting financial flows, mitigating greenhouse gas emissions, ecosystems and biodiversity

### 1. Financing: mobilisation of private sector funding

In the Copenhagen Accord of 2009, industrialised countries committed to jointly mobilising 100 billion US dollars annually from 2020 to support developing countries and emerging economies in their climate action and adaptation measures. In 2015, this goal was renewed in the Paris Agreement, with an additional pledge to make global financial and investment flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development (Article 2 (1) c) of the Paris Agreement). So far, the number of private investments mobilised falls considerably short of expectations. In international climate and development finance, the concept of blended finance is used strategically to mobilise private capital flows in developing countries and emerging economies. IKI uses this concept to direct private financing towards developing countries and significantly increase it.

#### **Open for business: City Climate Finance Gap Fund: total of 15 million euros in 2020**

The challenges cities and municipalities face in the development and implementation of climate action projects range from rising debt and budgetary constraints to inadequate credit ratings. In addition to financial bottlenecks, municipal authorities often do not have sufficient planning, design and preparation capacities to develop corresponding projects. The City Climate Finance Gap Fund of the European Investment Bank and the World Bank closes this gap by directly supporting cities and municipalities in the early stages of project preparation. The idea behind the Gap Fund is to mobilise more than 100 million euros to support project preparation in order to unlock pipelines for low-carbon and climate-resilient infrastructure projects with a total value of at least 4 billion euros.

[🌐 Link to: Gap-Fund video](#)

#### **NEW: Catalysing private financing for climate impact in Africa: Climate Facility Africa for Compact with Africa - 20 million euros**

Through the IKI, the BMU is participating in the German government's activities for the Compact with Africa with its own climate finance facility (World Bank fund). The goal is to plan and implement financial mechanisms and instruments for mobilising private financial resources for local green enterprises in target countries. Mixed financing and results-oriented concessional financing are intended to create incentives for green local businesses. At the same time, capacities are being made more robust for fund managers, government institutions and private investment, with the aim of fostering finance policy and investment decisions that take climate aspects into account and so promote greenhouse gas mitigation and adaptation to climate change.

[🌐 Project link to follow](#)

#### **NEW: Scale up climate finance through the financial sector: "30 by 30 Zero" - 20 million euros**

Based on a study by the International Finance Cooperation (IFC) under the World Bank group, implementation of NDCs in 21 emerging economies has a climate investment potential of 23 trillion US dollars. The financial market plays a key role in mobilising these investments. The banking sector in these countries would have to increase the share of climate finance from today's average of 7% to 30% in 2030 in order to mobilise the necessary outside financing for the investment opportunities. However, the capacities and political conditions remain limited. Therefore, the project goal is to develop a comprehensive climate finance ecosystem that will support capital flows into the NDCs during and after the project. Guidelines, implementation plans and instruments to this end will be created at political level, and the capacities of actors will be strengthened. At the market level, infrastructure and capacities for disbursing and investing in green/sustainable bonds will be improved. Financial institutions will be supported in aligning their business strategies with climate targets and increasing the disbursement of green loans.

[🌐 Project link](#)



### **NEW: Regeneration Initiative: 10 million euros from the Corona Response Package**

The Regeneration Initiative was set up at the beginning of 2020 with Palladium and SYSTEMIQ to secure financing for sustainable products from communities in Africa during the coronavirus pandemic, e.g. sustainable cocoa in Ghana and wild forest coffee in Ethiopia. The initiative builds on existing relationships with around 100 local intermediaries. This allows emergency relief to flow quickly, efficiently and in proportion to the challenges to the communities and sustainable value chains where they are especially needed in order to prevent further deforestation.

[Project link](#)

### **Topped up: Biodiversity Finance Initiative (BIOFIN II) - 20 million euros from the IKI Corona Response Package**

Financing biodiversity conservation is a key issue in implementing the Convention on Biological Diversity (CBD). Many countries still lack reliable information about the actual costs of implementing their national biodiversity strategies. Additionally, expertise and capacities for mobilising and effectively using additional resources are often lacking. The BIOFIN Initiative, which is now active in 35 countries, supports partner countries in closing these knowledge gaps. In a second step, financing solutions are developed and implemented.

[Project link](#)

## **2. The net-zero target – supporting greenhouse gas mitigation**

In the Paris Agreement, the international community committed to reducing its greenhouse gas emissions to net zero by 2050. In order to reach this global mitigation target, the signatory states will submit ambitious NDCs every five years, starting in 2020. The implementation of the Paris Agreement is the guiding aim of most IKI projects. These projects support IKI partner countries in the development of national climate policy and in concrete implementation of innovative instruments for mitigating greenhouse gas emissions. The projects work closely with partner governments and support them, for instance with political consultation or in strengthening national institutions and structures for climate action.

### **NEW: COOL ME: Sustainable Cooling in the MENA region – 19.2 million euros**

The project serves the cross-segment scaling of sustainable cooling and air conditioning technologies in residential and commercial buildings. The approach is based on demand reduction / passive measures, accelerated HFC dismantling, replacement and safe disposal of inefficient devices as well as improved operating behaviour. At the same time, implementation-oriented industrial partnerships are being established for all parts of the cooling value chain, efficiency strategies and NDC implementation are supported by intelligent policy design and flanked by viable business and financing models as well as practical capacities for transition and training structures to be established.

[Project link](#)

### **NEW: PtX Pathways - 20 million euros**

The aim of the programme is to fund the sustainable use of synthetic fuels and other end products based on renewable energies (Power-to-X or PtX) in partner countries, and it takes a three-step approach. In the first step, socially, economically and ecologically sound allocation pathways for PtX will be flagged. In the second, the feasibility of a pilot plant will be analysed with local partners in one of the countries. Finally, in the third step, the construction of a pilot plant for demonstration purposes will be supported.

[Project link](#)





**NEW: Clean, Affordable and Secure Energy for Southeast Asia (CASE) - approximately 19.5 million euros**

Southeast Asia is one of the most rapidly growing emerging regions in the world, with a predicted rise in energy needs of 70% by 2040. This entails substantial use of coal and therefore jeopardises the success of the Paris Agreement. The project supports energy transition with ambitious climate targets in the region. It also supports coordination in the energy sector in Southeast Asia, provides technical and political support and is part of the Southeast Asia Energy Transition Partnership (ETP).

[Project link](#)

**Topped up: Initiative for Climate Action Transparency (ICAT) - 20 million euros**

ICAT supports partner countries in building up systems for transparency. National transparency systems are an invaluable basis for helping countries implement the rulebook of the Paris Agreement. They are a prerequisite for the effective implementation of climate policies. ICAT is set up as a fund and has been supported with IKI funds by the BMU as its largest donor since 2015. The funding replenishment makes it possible to broaden the pool of recipient countries and extend work to the year 2026.

[Project link](#)

**NEW: German-Sino Climate Cooperation NDC implementation – 10 million euros**

The project aims to support China in implementing its national NDCs, particularly with a view to reducing greenhouse gases in selected provinces and cities as well as German-Chinese cooperation on emission reductions in certain branches of industry. In addition, the project will take action on issues relating to adaptation, climate legislation as well as climate finance and investments.

[Project link](#)

**NEW: Founding of a support fund for the Climate Vulnerable Forum (CVF) - 3 million euros**

The Climate Vulnerable Forum (CVF) is an international partnership of 48 countries highly vulnerable to climate change which are advancing in particular the 1.5 degree target in and beyond the UNFCCC negotiations. The CVF & V20 Joint Multi-Donor Fund was founded in December 2020 with 3 million euros from IKI. The fund will support the international partnership in future via the Secretariat of the Global Adaptation Center, focusing on the implementation of measures in the areas of adaptation and mitigation. The fund is headed by the United Nations Office for Project Services (UNOPS). In addition to the BMU, the Marshall Islands and Bangladesh have also contributed to the fund. Two private climate foundations, Quadratur and Wellsprings, will also contribute more than 1.5 million euros.

[Project link](#)

### **3. Ecosystems, forests and biodiversity: conservation, restoration and ecosystem-based adaptation**

The General Assembly of the United Nations declared the years 2021 to 2030 the UN Decade on Ecosystem Restoration. The aim is to prevent the global degradation of ecosystems and the associated biodiversity loss and reverse the trend. IKI already has many ongoing projects and initiatives supporting the decade, which is to officially start in summer 2021. Further initiatives are planned. Among these are activities to support the central processes of the Decade under United Nations Environment Programme (UNEP) and the Food and Agriculture Organisation of the United Nations (FAO) and the [Seed Capital Assistance Facility](#) (already launched in December 2019), which aids forest landscape restoration projects with private financing. The Bonn Challenge, the Global Landscapes Forum (GLF) and the New York Declaration on Forests (NYDF), central pillars of international efforts to restore forest landscapes, will continue to receive support. Forests have great importance and potential for ecosystem-based adaptation measures. Selected new 2020 projects that uphold the goals of the Decade, expand on the IKI ecosystem-based adaptation priority or focus on indigenous communities and biodiversity conservation include:



**NEW: Restoration of forest landscapes in Africa – approximately 23 million euros**

Climate and land use-related land degradation and forest loss in Africa threaten ecological functions, land productivity and food and water security. This project aims to increase the economic, ecological and climate-related benefits of large-scale forest landscape restoration (FLR) in partner countries, e.g. through local capacity building and policy consultation.

[Project link](#)

**NEW: Living Landscapes - Securing the ecological connectivity of high conservation value areas in Bhutan - approximately 8.8 million euros**

In southwest Bhutan, there are areas rich in biodiversity and ecosystem services that merit protection (High Conservation Value Areas) but are without formal protected status. For their long-term protection at national, regional and local level, the IKI project will make them an integral part of the land use planning and management plans of the district forest authorities. In addition, the project supports the local communities in reducing human-animal conflict, securing water resources and drawing up sustainable business plans for creating further biodiversity-friendly income opportunities.

[Project link](#)

**NEW: Ecosystem-based adaptation and forest restoration in vulnerable rural communities within the Caribbean Biological Corridor - approximately 19.8 million euros**

The level of ecosystem diversity in the Caribbean is among the highest in the world. However, the region is seriously threatened by the impacts of climate change and human overuse. The project aims to increase the resilience and adaptability of people and ecosystems in the partner countries with ecosystem-based adaptation (EbA) measures. It supports farmers in applying adapted production methods and optimising the value chains in agricultural systems, especially agroforestry and silvopastoral systems. An additional smaller project in this region focuses on the use of Caribbean wetlands to mitigate climate change and conserve their ecosystem services (approximately 3.7 million euros).

[Project link EbA/forest restoration](#)

[Project link wetlands](#)

**NEW: Scaling up ecosystem-based adaptation measures in rural Latin America - approximately 19.4 million euros**

The project increases the resilience of vulnerable communities and ecosystems in rural areas through the large-scale implementation of cost-effective, proven EbA measures and by testing novel EbA approaches. The development of innovative financing mechanisms guarantees the sustainability and scalability of the EbA measures.

[Project link](#)

**Topped up: Support to indigenous peoples' and community conserved areas and territories (ICCAs) - 15 million euros from the IKI Corona Response Package**

The project supports indigenous people and local communities in preserving their traditional territories and sustainably using biodiversity. This is achieved using a small project fund, capacity and knowledge building and other methods for sustainably managing and networking the areas. In addition, the aim is to improve and secure the living conditions of indigenous communities and to integrate traditional knowledge and uses in national planning processes and the implementation of national and global strategies. The project replenishment will enable it to expand its work from 26 to 45 developing countries and emerging economies. It will provide swift, immediate support to indigenous and local communities coping with the challenges of the ongoing COVID-19 pandemic.

[Project link](#)